

VZCZCXYZ0000
RR RUEHWEB

DE RUEHLP #2903/01 2991620
ZNR UUUUU ZZH
R 261620Z OCT 06 ZDK
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 1088
INFO RUEHAC/AMEMBASSY ASUNCION 6216
RUEHBO/AMEMBASSY BOGOTA 3533
RUEHBR/AMEMBASSY BRASILIA 7395
RUEHBU/AMEMBASSY BUENOS AIRES 4655
RUEHCV/AMEMBASSY CARACAS 1906
RUEHPE/AMEMBASSY LIMA 1957
RUEHME/AMEMBASSY MEXICO 1837
RUEHMN/AMEMBASSY MONTEVIDEO 4109
RUEHQT/AMEMBASSY QUITO 4544
RUEHSJ/AMEMBASSY SAN JOSE 1570
RUEHSG/AMEMBASSY SANTIAGO 9118
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEBAAA/DEPT OF ENERGY WASHINGTON DC
RUEHC/DEPT OF AGRICULTURE WASHINGTON DC

UNCLAS LA PAZ 002903

SIPDIS

SIPDIS

STATE FOR WHA/AND LPETRONI
BRASILIA FOR JSTORY AND LSTONER
USAID/LAC FOR AFRANCO, MSILVERMAN, RLOUDIS, AND JBISSON
USAID/EGAT FOR CJACKSON, ANE FOR JWILSON
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH
ENERGY FOR CDAY AND SLADISLAW

E.O. 12958: N/A

TAGS: [ECON](#) [ENRG](#) [BL](#)

SUBJECT: CLEAN PRODUCTION PRACTICES INCREASE EFFICIENCY,
LOWER COSTS

11. (U) Summary: Clean production practices introduced by the USAID-supported Center for the Promotion of Sustainable Technologies have increased efficiency and lowered costs for more than 90 Bolivian businesses. The following case studies suggest that lower production costs provide powerful incentives for firms to modify production processes to improve efficiency and cut pollution, thereby making them more competitive in domestic and international markets. Companies have also adopted corporate social responsibility programs to minimize environmental damage. End summary.

BACKGROUND

12. (U) The Center for the Promotion of Sustainable Technologies (known by its Spanish acronym, CPTS) acquired its present form after the 1998 merger of the USAID-funded Environmental Pollution Prevention Project and the World Bank-supported Energy Sector Management Program. Now a non-profit organization, CPTS receives financial support from USAID and other international donors, among them Denmark and Switzerland, and collects fees for consulting services. The group's 25 staff work with a broad range of Bolivian businesses, from hospitals and hotels to food processors and furniture manufacturers, to redesign production processes to optimize the use of raw materials, water, energy, and other inputs; improve efficiency and lower costs (by producing more goods with fewer resources); and cut air and water pollution. Companies that implement clean production technologies protect the environment, consumers, and workers while improving industrial efficiency, profitability, and competitiveness.

CASE STUDIES

13. (U) Cerveceria Taquina, a Cochabamba-based brewery, installed water and energy meters at all stages of production, from initial maceration and brewing to eventual bottling, and automated pasteurization and sterilization processes to lower water and energy inputs. The firm also cut pollution in effluents by filtering the residue of each successive brewing process and using recovered grain in animal feed. The brewery reduced water consumption by an estimated 43 percent, from 15 to 8.6 liters of water per liter of beer, and lowered natural gas and energy consumption by 11.6 and 2.1 percent, respectively, saving more than 12 million cubic feet of gas and over 80,000 kilowatt hours of energy annually. The firm expects its \$145,000 investment to yield yearly savings of almost \$93,000.

14. (U) Ingenio Azucarero Roberto Barbery Paz, a sugar mill in the Santa Cruz department, purchased an infrared spectrometer to decrease the lead used in chemical analysis, installed automated hydrojets to lower the quantity of water used in evaporation equipment, and adopted new boiler cleaning techniques to completely eliminate water use. New technologies also allowed the company to reduce air and water pollution by properly disposing of cinders and other waste. The firm expects its \$221,000 investment to cut production costs by \$292,000 per year.

15. (U) In one of its most intriguing projects, CPTS developed new (soon to be patented) cleaning, processing, and drying techniques for Andean Valley, a La Paz-based quinoa producer. The firm adopted new cleaning and filtering systems to remove impurities and unwanted chemical substances from the grain and introduced new methods to reduce drying time. The

company increased its processing capacity from 0.6 to 1.08 tons of quinoa per hour and significantly lowered water and energy consumption, reducing the former by 64 percent (from 14 to 5 cubic liters of water per ton of quinoa) and slashing energy and liquid petroleum gas consumption by 80 and 67 percent, respectively (from 101.6 to 20 kilowatt hours and from 30 to 10 kilograms of gas per ton of quinoa). The firm expects annual savings of \$46,000, and other beneficiaries expect similar cost reductions.

16. (U) Audits indicate that La Paz soft drink companies benefiting from CPTS assistance have reduced water consumption by approximately 4 million cubic meters per year (the equivalent of two months of water consumption in La Paz) and significantly decreased raw materials inputs and environmentally damaging waste. Together, the firms' estimated \$2.4 million total investment has resulted in annual savings of approximately \$1.2 million.

ADDITIONAL PROGRAMS

17. (U) CPTS has also introduced corporate social responsibility projects and a waste exchange program. Initial results indicate that the former have helped companies improve relations with local communities and employees while reducing job-related accidents, employee complaints, and environmental damage; several firms applying CPTS recommendations have been able to apply for certification under International Organization for Standardization framework 14001, the world's most recognized environmental management system standard. The framework helps organizations better control their activities' impact on the environment, with certification not only improving environmental management, but also enabling firms to acquire access to growing "green" markets around the world. Under the waste exchange program, meanwhile, companies have experimented with new ways of treating and processing waste; many have explored recycling possibilities or considered proposals for turning unwanted materials into new products.

COMMENT

18. (U) The key difference between pollution control and clean production is one of timing. Pollution control is a post-event, "react and treat" approach, while clean production involves a forward-looking, "anticipate and prevent" philosophy. In this context, waste is considered a product with negative economic value. Each action to reduce raw materials and energy consumption and prevent or reduce waste generation can increase productivity and generate financial benefits for businesses. CPTS case studies suggest that lower production costs provide powerful incentives for firms to modify production processes to improve efficiency and cut pollution. As many observers argue, convincing firms of the economic benefits of "green" technologies may be the surest way to minimize environmental damage while improving business competitiveness.

GOLDBERG